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TAGS: [ECON](#) [PINR](#) [ES](#)
SUBJECT: SACA NAMES TACA VETERAN FINANCE MINISTER
REF: SAN SALVADOR 1027

Classified By: DCM Michael Butler. Reasons 1.4 (B) and (D).

¶1. (U) On April 23, President Saca named William J. Handal Minister of Finance, to replace Guillermo Lopez Suarez effective May 1. Handal is from the Department of Usulután, the home of President Saca. Handal graduated from Southeastern Louisiana University with a Bachelor's Degree in Economics in 1974. Working with TACA International Airlines since 1975, Handal has held a variety of positions, mostly in administration and sales. He was most recently Vice President and General Manager. Handal also owns and manages an independent advertising firm, Redes.

¶2. (U) Handal was also a member of the Board of Directors of Finsepro, a Salvadoran investment firm run by former ARENA stalwart Roberto Mathies Hill. Newspaper reports indicate that regulators closed the firm in 1997 and accused Mathies, Handal, and other directors of defrauding more than 500 investors of \$22.7 million. Handal never faced criminal charges, while Mathies and another director were absolved of criminal charges in 2001. President Saca recently deflected a press inquiry on the subject saying "Handal is an honest man who loves his country, and I believe we've found the right person to be Minister of Finance."

¶3. (U) Handal was Director of the Salvadoran Port Authority's Executive Committee from 1980 to 1984 and again from 1989 to 1991. He was also Vice President of the Salvadoran Tourism Institute, ISTU, a public institution that directs, coordinates, and controls the development of tourism activities, and from 2000 until 2006 he was a Director of the Salvadoran Tourism Corporation, CORSATUR, an autonomous entity that promotes international tourism. Handal is also an active supporter of professional and amateur sports and is owner of a local first-division soccer team.

¶4. (U) While in office, Lopez Suarez had pushed through significant tax reform--without raising tax rates--that increased tax collection from \$1.7 billion in 2003 to \$2 billion in 2005. Saca has offered no public explanation for Lopez Suarez' dismissal, but many believe it was because Lopez Suarez recently had begun to publicly discuss increases in tax rates and the possibility of new taxes, earning him the ire of the economic elite and ARENA insiders (Reftel). In contrast, Handal has already stated publicly that "In the three years President Saca has left in office, there will be no tax increases." Handal is extremely well known in the business community, and his appointment prompted public statements of support from National Association of Private Enterprise (ANEP) and other business groups.

¶5. (C) Lopez Suarez will remain in government as an Advisor to the President on Economic Issues, a position that sources close to President Saca say was invented to allow the continuation of Lopez Suarez' security detail. Those sources

say Lopez Suarez fears reprisal for his role in reporting corruption allegations to President Saca (Reftel).

¶6. (U) The Ambassador will call on Minister Handal within the next few weeks. One goal of that meeting will be to seek the Minister's continued support for USAID's ongoing project to improve tax administration.
Barclay